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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* LELAND JAMES WIESEHUEGEL, REBECCA LYNN  
ROBERTS, KEITH KY TRIEU HO, and ERNEST BRACAMONTEZ

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Appeal 2008-0201  
Application 09/821,106  
Technology Center 3600

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Decided: May 5, 2008

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Before MURRIEL E. CRAWFORD, LINDA E. HORNER, and  
ANTON W. FETTING, *Administrative Patent Judges*.

HORNER, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Leland James Wiesehuegel et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 1-4, 6-9, and 11-14. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

## SUMMARY OF DECISION

We AFFIRM.

### THE INVENTION

The Appellants' claimed invention is to a method, computer readable medium, and proxy agent for automatically placing bids in an on-line offer or auction (Spec. 3:3-6). Claim 1, reproduced below, is representative of the subject matter on appeal.<sup>1</sup>

1. A method for bidding by proxy in an automated offering or auctioning system on behalf of a bidder or participant, comprising the steps of:

providing a bid parameter set having a plurality of proxy bid parameters, said proxy bid parameters indicating proxy conditions for at least one offering or auction to which proxy bidding is to be made, at least one of which parameters includes a counter bid delay;

checking at least one current bid level in a bid data store of an offering or auction system;

determining if any of said proxy conditions have been met including that said current bid level reflects a current bid placed by an auction

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<sup>1</sup> This version of claim 1 is as the claim appears in the Appellants' Claims Appendix attached to the Appeal Brief of August 31, 2006, and includes amendments to the claims made by the Appellants after the final Office Action. We could not find in the prosecution history an advisory action from the Examiner officially entering these after-final amendments. We presume, for purposes of this Appeal, that the Examiner acquiesced in the entry of the after-final amendments, because the Examiner withdrew the first ground of the rejection of claims 1-4, 6-9, and 11-14 under 35 U.S.C. § 112, second paragraph, based on these amendments (Ans. 12).

participant other than the participant for which proxy bidding is being performed; and

placing a counter bid into at least one auction responsive to said proxy conditions being met and a time following or upon the elapse of said counter bid delay from a time of placement of said current bid.

### THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Montgomery	US 2002/0038282 A1	Mar. 28, 2002
Dinwoodie	US 6,415,269 B1	Jul. 2, 2002
Fisher	US 2003/0083983 A1	May 1, 2003
Microsoft Computer Dictionary 428 (5 <sup>th</sup> ed. 2002).		

The following rejections are before us for review:

1. Claims 11-14 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.
2. Claims 1-4, 6-9, and 11-14 are rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which Appellants regard as their invention.<sup>2</sup>

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<sup>2</sup> In the final Office Action of May 31, 2006, the Examiner rejected claims 1-4, 6-9, and 11-14 under 35 U.S.C. § 112, second paragraph, based on four separate grounds. The Examiner has withdrawn the first three of these grounds (Ans. 12). The Examiner has also withdrawn a rejection of claims

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3. Claims 1-4, 6-9, and 11-14 are rejected under 35 U.S.C. § 103 as being unpatentable over Montgomery, Dinwoodie, and Fisher.

## ISSUES

The first issue before us is whether the Appellants have shown that the Examiner erred in rejecting claims 11-14 under 35 U.S.C. § 101 as directed to non-statutory subject matter. This issue turns on whether claim 11 can be read broadly enough to encompass a human being as the proxy agent.

The second issue before us is whether the Appellants have shown that the Examiner erred in rejecting claims 1-4, 6-9, and 11-14 under 35 U.S.C. § 112, second paragraph, as indefinite. This issue turns on whether the claim language in the placing step in claim 1 is redundant in view of the earlier recitation of one of the bid parameters being a counter bid delay.

The third issue before us is whether the Appellants have shown that the Examiner erred in rejecting claims 1-4, 6-9, and 11-14 under 35 U.S.C. § 103(a) as unpatentable over Montgomery, Dinwoodie, and Fisher. This issue turns on whether Montgomery or Dinwoodie disclose the claimed counter bid delay.

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1-4, 6-9, and 11-14 under 35 U.S.C. § 112, first paragraph, for failure to comply with the enablement requirement (Ans. 13).

## FINDINGS OF FACT

We find that the following enumerated findings are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

1. The general and ordinary meanings of the words in the phrase “counter bid delay,” when considered separately, are: (1) counter – “Contrary; opposing,” (2) bid – “To offer or propose (an amount) as a price,” and (3) delay – “To postpone until a later time; defer.” *The American Heritage Dictionary of the English Language* (4<sup>th</sup> ed. 2000), found at [www.bartelby.com](http://www.bartelby.com).
2. The Appellants’ Specification does not provide any definition for “counter bid delay.”
3. The Specification describes “delay paced proxy bidding” in which the agent monitors the highest bid and waits until no higher bids have been placed for a specified delay period, e.g., 10 minutes, before placing a new, higher bid (Spec. 17:13-20).
4. The Specification also describes “near-close (‘last minute’) proxy firing” in which the proxy agent waits until a certain time before closing of the auction to place higher bids up to a maximum authorized bid limit (Spec. 19:8-20).
5. In both examples, the parameter instructs the proxy agent to postpone placing an opposing offer in the auction until a later time.

Although the delay paced proxy bidding parameter explicitly includes a predetermined delay from the placement of a current bid, the near-close proxy firing parameter necessarily also includes a delay between the current bid placement and placement of a counter bid, even if it is only a split second, because the counter bid is placed in response to the current bid.

6. Montgomery teaches buyer-side bidding tools for use in on-line auctions to automate an interaction between the buyer and the on-line auction service (Montgomery 1:¶¶0003, 0011).
  7. The tools allow the bidder to enter bidding parameters and then a software-driven, server-based agent will proxy the buyer's bidding transactions in order to win the auction on a given product at the lowest possible price with minimal manual intervention on the part of the buyer (Montgomery 4:¶0044).
  8. One of the disclosed bid parameters can be a time-to-close activation parameter (Montgomery 5:¶0068).
  9. This parameter allows the software agent to monitor the time until an auction closes and then proxy enter a bid within a certain amount of time before closing of the auction in an attempt to win the auction for the buyer (Montgomery 5:¶¶0072, 0073).
10. As such, the proxy agent in Montgomery postpones the placing of an opposing offer in the auction until a later time that is close to

the time the auction is scheduled to close, and is thus necessarily a period of time after the current bid has been placed.

11. We find that this time-to-close activation parameter of Montgomery is the same as the claimed counter bid delay parameter.
12. Dinwoodie discloses an interactive remote auction bidding system in which a processor at the auction site can be programmed to incorporate a predetermined delay before it will accept subsequent bids from participants at remote locations so that the processor can control subsequent bid acceptances to prevent overrunning of the system and establish a bidding acceptance window of time (Dinwoodie, col. 6, ll. 4-10).
13. Dinwoodie discloses that the auctioneer 24 may adjust the delay based on the bidding environment and the aggressiveness of participants (Dinwoodie, col. 6, ll. 10-12).
14. Dinwoodie describes implementing a counter bid delay by the processor running the auction, rather than in a bid parameter of a proxy agent acting on behalf of a bidder.

## PRINCIPLES OF LAW

### *35 U.S.C. § 112, second paragraph*

The test for definiteness under 35 U.S.C. § 112, second paragraph, is whether “those skilled in the art would understand what is claimed when the claim is read in light of the specification.” *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1576 (Fed. Cir. 1986) (citations omitted).

### *35 U.S.C. § 103*

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S.Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [Graham] factors continue to define the inquiry that controls.”)

In *KSR*, the Supreme Court emphasized “the need for caution in granting a patent based on the combination of elements found in the prior art,” *id.* at 1739, and discussed circumstances in which a patent might be determined to be obvious. In particular, the Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 127 S.Ct. at 1739 (citing *Graham*, 383 U.S. at 12 (emphasis added)), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *Id.*

The Supreme Court stated that “[f]ollowing these principles may be more difficult in other cases than it is here because the claimed subject matter may involve more than the simple substitution of one known element for another or the mere application of a known technique to a piece of prior art ready for the improvement.” *Id.* The Court explained:

Often, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue.

*Id.* at 1740-41. The Court noted that “[t]o facilitate review, this analysis should be made explicit.” *Id.* (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (“[R]ejections on obviousness grounds cannot be sustained by

mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness"). However, "the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ." *Id.*

## ANALYSIS

### *Rejection under 35 U.S.C. § 101*

The Examiner rejected claims 11-14 under 35 U.S.C. § 101 because the claims are directed to a "proxy agent." In particular, the Examiner held that that claims are directed to non-statutory subject matter because the phrase "proxy agent" is broad enough to encompass a patent on a human being (Ans. 3-4). The Appellants contend that claim 11 cannot be reasonably construed to read on a human being when the claim is limited by the elements, steps, and limitations of the claim (App. Br. 6-7; Reply Br. 1-2).

We agree with the Appellants. When one reads the entirety of claim 11 as a whole, we see no way to interpret the proxy agent of the preamble to be broad enough to encompass a human being. In particular, claim 11 recites that the claimed proxy agent comprises a proxy bid parameter set disposed in an automated bidding system, a current bid level checker operable by said automated bidding system, a proxy condition evaluator

operable by said automated bidding system, and a counter bid generator operable by said automated bidding system. We fail to see how such a proxy agent could include a human being, when such an interpretation of the claim would require that the human proxy agent contain components disposed in or operable by an automated bidding system. Such a broad reading of the claim is unreasonable within the context of the wording of claim 11. As such, we do not sustain the rejection of claim 11-14 under 35 U.S.C. § 101.

*Rejection under 35 U.S.C. § 112, second paragraph*

The Examiner found that the limitation in claim 1 of placing a counter bid responsive to proxy conditions would automatically include a time delay, because the claim earlier recites providing a bid parameter set including a counter bid delay, and thus the phrase “and a time following or upon the elapse of said counter bid delay from a time of placement of said current bid” is redundant (Ans. 5-6). We disagree.

Although claim 1 recites that a bid parameter set includes a counter bid delay parameter, the set may also include other parameters. The claim then recites determining if “any” of the proxy conditions have been met and placing a counter bid “responsive to said proxy conditions being met.” Arguably, the proxy conditions being met may, or may not, include the counter bid delay. Thus, the additional recitation in claim 1 that the counter bid is placed at “a time following or upon elapse of said counter bid delay

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from a time of placement of said current bid” is not a redundant recitation. For the same reasons, the recitation is also not redundant in independent claims 6 and 11. As such, we do not sustain the Examiner’s rejection of claims 1-4, 6-9, and 11-14 under 35 U.S.C. § 112, second paragraph.

*Rejection under 35 U.S.C. § 103(a)*

The Appellants contend that the Examiner erred in rejecting claims 1-4, 6-9, and 11-14 under 35 U.S.C. § 103(a) because the combination of Montgomery, Dinwoodie, and Fisher fails to teach all of the claimed elements (App. Br. 13). In particular, the Appellants contend that Montgomery’s disclosure of a “time-to-close” parameter is not the claimed “counter bid delay” (App. Br. 12), and Dinwoodie teaches a delay in “accepting” new bids, and not a delay for “placing” new bids, as claimed (App. Br. 13).

We must first construe the claimed “counter bid delay” parameter of claim 1. We determine the scope of the claims in patent applications not solely on the basis of the claim language, but upon giving claims “their broadest reasonable interpretation consistent with the specification” and “in light of the specification as it would be interpreted by one of ordinary skill in the art.” *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004). We must be careful not to read a particular embodiment appearing in the written description into the claim if the claim language is broader than the embodiment. *See Superguide Corp. v. DirecTV Enterprises, Inc.*, 358

F.3d 870, 875 (Fed. Cir. 2004) (“Though understanding the claim language may be aided by the explanations contained in the written description, it is important not to import into a claim limitations that are not a part of the claim. For example, a particular embodiment appearing in the written description may not be read into a claim when the claim language is broader than the embodiment.”) The challenge is to interpret claims in view of the specification without unnecessarily importing limitations from the specification into the claims. *See E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d 1364, 1369 (Fed. Cir. 2003).

The ordinary and customary meaning of the phrase “counter bid delay,” in view of the ordinary meanings of the words when considered separately, is broad enough to encompass a parameter that instructs the proxy agent to postpone placing an opposing offer in the auction until a later time (Fact 1).

Independent claims 1, 6, and 11 require that the counter bid is placed at “a time following or upon elapse of said counter bid delay from a time of placement of said current bid.” Thus, counter bid delay, when interpreted in the context of the claimed invention, means a parameter that instructs the proxy agent to postpone placing an opposing offer in the auction until a time later than a time of placement of a current bid.

The Appellants’ Specification does not provide any definition for “counter bid delay” (Fact 2). The Specification describes examples of “delay paced proxy bidding” (Fact 3) and “near-close (‘last minute’) proxy

firing” (Fact 4), where in both examples, the parameter instructs the proxy agent to postpone placing an opposing offer in the auction until a later time (Fact 5). Although the delay paced proxy bidding parameter explicitly includes a predetermined delay from the placement of a current bid, the near-close proxy firing parameter necessarily also includes a delay between the current bid placement and placement of a counter bid, even if it is only a split second, because the counter bid is placed in response to the current bid (Fact 5).

Montgomery teaches buyer-side bidding tools that allow a bidder in an on-line auction to enter bidding parameters and then a software-driven, server-based agent will proxy the buyer’s bidding transactions in order to win the auction on a given product at the lowest possible price with minimal manual intervention on the part of the buyer (Facts 6, 7). One of the bid parameters is a time-to-close activation parameter that allows the software agent to monitor the time until an auction closes and then proxy enter a bid within a certain amount of time before closing of the auction in an attempt to win the auction for the buyer (Facts 8, 9). As such, the proxy agent in Montgomery postpones the placing of an opposing offer in the auction until a later time that is close to the time the auction is scheduled to close, and is thus necessarily a period of time after the current bid has been placed (Fact 10). We find that this time-to-close activation parameter of Montgomery is the same as the claimed counter bid delay parameter (Fact 11).

Dinwoodie discloses an interactive remote auction bidding system in which a processor at the auction site can be programmed to incorporate a predetermined delay before it will accept subsequent bids from participants at remote locations so that the processor can control subsequent bid acceptances to prevent overrunning of the system and establish a bidding acceptance window of time (Fact 12). Dinwoodie discloses that the auctioneer may adjust the delay based on the bidding environment and the aggressiveness of participants (Fact 13). As noted by the Appellants, Dinwoodie describes implementing a counter bid delay by the processor running the auction, rather than in a bid parameter of a proxy agent acting on behalf of a bidder (Fact 14). Nonetheless, the teaching of using such a delay to control the pace of the bidding is equally applicable in the context of Montgomery's proxy agent bidding tool, which teaches slowing the pace of the bidding by delaying the publishing of a counter bid until close to the time the auction is scheduled to close. As such, even if Montgomery alone, does not disclose a counter bid delay, the teaching in Dinwoodie of using a delay between bid and counter bid to control the pace of the bidding, would have led one having ordinary skill in the art at the time of the invention to modify the proxy agent of Montgomery to add such a delay option to the bidder's bid parameters to provide the bidder with more control over the actions of the proxy agent and to thereby give the bidder a higher likelihood of winning the auction at the lowest possible price. *See KSR*, 127 S.Ct. at 1742 ("Common sense teaches ... that familiar items may have obvious uses

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beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle.”) As such, the Appellants have failed to show error in the Examiner’s conclusion of obviousness. We sustain the Examiner’s rejection of claims 1-4, 6-9, and 11-14 under 35 U.S.C. § 103(a) for the reasons set forth *supra*.

#### CONCLUSIONS OF LAW

We conclude that the Appellants have shown that the Examiner erred in rejecting claims 11-14 under 35 U.S.C. § 101 and claims 1-4, 6-9, and 11-14 under 35 U.S.C. § 112, second paragraph, but failed to show that the Examiner erred in rejecting claims 1-4, 6-9, and 11-14 under 35 U.S.C. § 103(a) as unpatentable over Montgomery, Dinwoodie, and Fisher.

#### DECISION

The decision of the Examiner to reject claims 1-4, 6-9, and 11-14 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED

vsh

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